

UTAH COUNTIES INSURANCE POOL

BOARD OF TRUSTEES MEETING

Thursday, November 11, 2010, 6:00 p.m.

Anasazi Steakhouse, 1234 W. Sunset Blvd., St. George

AGENDA

6:00 Dinner Provided

7:00 Call to Order Kay Blackwell

ITEM ACTION

1	Review/Excuse Board Members Absent	Kay Blackwell
2	Review/Approve October 15, 2010 Meeting Minutes	Steve Wall
3	Ratification and Approval of Payments and Credit Card Transactions	Steve Wall
4	Review/Approve Amended Property Section, Coverage Addendum	Johnnie Miller
5	Review/Approve Third Quarter Financial Statement	Sonya White
6	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	Kay Blackwell
7	Action on Personnel Matters	Kay Blackwell
8	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	Kay Blackwell
9	Action on Litigation Matters	Kent Sundberg

INFORMATION

10	Trustee Report from AGRIP	Kay Blackwell
11	Chief Executive Officer's Report	Johnnie Miller
12	Loss Control Manager's Report	Mark Brady
13	Other Business	Kay Blackwell



Utah Counties Insurance Pool
Supporting Your Goals Since 1992

BOARD OF TRUSTEES MEETING MINUTES

November 11, 2010, 7:00 p.m.
Anasazi Steakhouse, 1234 W. Sunset Blvd., St. George

BOARD MEMBERS PRESENT

Kay Blackwell, *President*, Piute County Commissioner
Ken Bischoff, *Vice President*, Weber County Commissioner
Steve Wall, *Secretary-Treasurer*, Sevier County Clerk-Auditor
Bruce Adams, San Juan County Commissioner
Brad Dee, Weber County Human Resources Director
Jim Eardley, Washington County Commissioner
Gerald Hess, Davis County Deputy Attorney
Jerry Hurst, Tooele County Commissioner
Karla Johnson, Kane County Clerk-Auditor
Wayne Smith, Iron County Commissioner
Kent Sundberg, Utah County Deputy Attorney
Steve White, Utah County Commissioner

BOARD MEMBERS ABSENT

LaMar Guymon, Emery County Sheriff

OTHERS PRESENT

Craig Dearden, Weber County Commissioner
Mark Brady, UCIP Loss Control Manager
Johnnie Miller, UCIP Chief Executive Officer
Sonya White, UCIP Manager of Administration

Call to Order

Kay Blackwell called this meeting of the Utah Counties Insurance Pool Board of Trustees to order at 7:00 p.m. on November 11, 2010 and welcomed those in attendance.

Review/Excuse Board Members Absent

Bruce Adams made a motion to excuse LaMar Guymon from this meeting. Steve Wall seconded the motion, which passed unanimously.

Approve October 15 Meeting Minutes

The minutes of the Board of Trustees meeting held October 15, 2010 were previously sent to the Board Members for review (see attachment number one). Brad Dee made a motion to approve the October 15, 2010 meeting minutes as written. Steve Wall seconded the motion, which passed unanimously.

Ratification and Approval of Payments and Credit Card Transactions

Steve Wall reviewed the payments made, payments to be made and credit card transactions with the Board. Steve Wall made a motion to approve the payments made, payments to be made and credit card transactions. Steve White seconded the motion, which passed unanimously.

Review/Approve Amended Property Section, Coverage Addendum

The proposed revision to the property section of the Coverage Addendum were previously sent to the Board Members for review (see attachment number two). Johnnie Miller explained that the revision to the Coverage Addendum coincides with the updated County Reinsurance Limited property policy. Steve White made a motion to approve the revisions to the property section of the Coverage Addendum as presented. Brad Dee seconded the motion, which passed unanimously. Johnnie reviewed the revisions to the property limits with the Board (see attachment number three). Jerry Hurst made a motion to approve the property limits as presented. Karla Johnson seconded the motion, which passed unanimously.

Review/Approve Third Quarter Financial Statements

The third quarter financial statements were previously sent to the Board Members for review (see attachment number four). Johnnie Miller reported that the reserves are down due to several large claims being settled. With the year 75% complete, all expenses paid are in line with the budget. Brad Dee made a motion to approve the third quarter financial statements as presented. Steve White seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Steve White made a motion to strike agenda item: Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual. Karla Johnson seconded the motion, which passed unanimously.

Action on Personnel Matters

Steve White made a motion to strike agenda item: Action on Personnel Matters. Karla Johnson seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Kent Sundberg made a motion to strike agenda item: Set Date and Time for a Closed Meeting to Discuss Pending or Reasonably Imminent Litigation. Steve White seconded the motion, which passed unanimously.

Action on Litigation Matters

Kent Sundberg made a motion to strike item: Action on Litigation Matters. Steve White seconded the motion, which passed unanimously.

Trustee Report from AGRIP

Steve White made a motion to table item 10 until the next meeting. Steve Wall seconded the motion, which passed unanimously.

Chief Executive Officer's Report

Johnnie Miller reported that Davis County accepted the deductible option for the 2011 contribution.

Johnnie reported that Summit County staff has not yet provided all the requested information in order for the Pool to offer a membership proposal.

Johnnie explained that he has been nominated for a position on the AGRIP Board. The Board Members support Johnnie in this position.

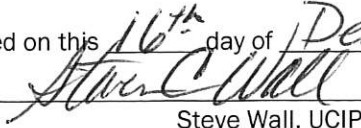
Johnnie explained that he has been asked to serve on the AGRIP Risk Information Systems Task Force to research the options in creating a Pool owned system.

Loss Control Manager's Report

Mark Brady reported that he has completed 20 member risk evaluations and will finish the remaining 6 in December. Two counties are piloting the Risk Awareness Program and the goal is to have six-ten counties participating by 2011.

Other Business

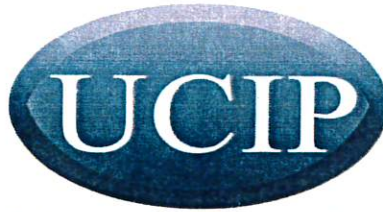
The next meeting of the Board of Trustees is scheduled for December 16, 2010 at 12:00 p.m. at the UCIP offices in South Jordan.

Approved on this 16th day of December 2010

Steve Wall, UCIP Secretary-Treasurer

Utah Counties Insurance Pool Payments

October 16 - November 11, 2010

Type	Date	Num	Name	Memo	Amount
ML Expense					
Liability Check	10/28/2010		QuickBooks Payroll Service	Created by Payroll Services on 10/26/2010	-13,234.35
Liability Check	10/31/2010	ONLINE	Utah Retirement Systems	Unit No: 864 (OCT 2010)	-6,653.71
Liability Check	10/31/2010	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270070500784125	-4,428.94
Liability Check	10/31/2010	ONLINE	Nationwide Retirement Solutions	Entity: 644013	-2,115.34
Check	10/26/2010	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-1,274.95
Check	10/26/2010	VISA	Wells Fargo	Account Number: 4856 2002 0869 3567	-1,255.61
Check	10/26/2010	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-276.99
Liability Check	10/29/2010	5745	Utah State Tax Commission	Account ID: 12327158003WTH	-1,688.27
Check	10/29/2010	5746	PEHP-LTD	Coverage Period: October 2010	-234.31
Liability Check	10/29/2010	5747	Public Employees Health Program	Policy Number 1076 (OCT)	-6,317.40
Liability Check	10/29/2010	5748	Opticare of Utah	Invoice Number: 2009	-70.38
Check	11/3/2010	5749	Korby M. Siggard	Expense Reimbursement	-164.74
Check	11/3/2010	5750	Jim Eardley	Mileage Reimbursement	-300.00
Check	11/3/2010	5751	Steve White	Mileage Reimbursement	-30.00
Check	11/3/2010	5752	Gerald Hess	Mileage Reimbursement	-32.00
Check	11/3/2010	5753	Kent Sundberg	Mileage Reimbursement	-40.00
Check	11/3/2010	5754	Brad Dee	Expense Reimbursement	-106.00
Check	11/3/2010	5755	Bruce Adams	Mileage Reimbursement	-300.00
Check	11/3/2010	5756	LaMar Guymon	Mileage Reimbursement	-136.00
Check	11/3/2010	5757	Wayne Smith	Expense Reimbursement	-240.00
Check	11/3/2010	5758	Jerry Hurst	Expense Reimbursement	-45.00
Check	11/3/2010	5759	Kay Blackwell	Expense Reimbursement	-186.00
Check	11/3/2010	5760	Ken Bischoff	Expense Reimbursement	-95.00
Check	11/3/2010	5761	By The Numbers Actuarial Consulting, Inc.	Invoice Number: 2010-152	-2,000.00
Bill Pmt -Check	11/3/2010	5762	Office Depot	Invoice Number: 539050715001	-91.97
Bill Pmt -Check	11/3/2010	5763	Paetec	Invoice Number: 1659523	-682.59
Bill Pmt -Check	11/3/2010	5764	Pitney Bowes Global Financial Services	Invoice Number: 1528795-OT10	-201.08
Bill Pmt -Check	11/3/2010	5765	Premiere Global Services	Invoice Number: 04478930	-98.15
Bill Pmt -Check	11/3/2010	5766	Revco Leasing Company, LLC	Invoice Number: 250020	-815.89
Bill Pmt -Check	11/3/2010	5767	State of UT Dept of Workforce Services	Account No: R 2-423713-0	-1,804.00
Bill Pmt -Check	11/3/2010	5768	TCNS, Inc.	Invoice Number: 3906	-240.00
Bill Pmt -Check	11/3/2010	5769	Western AgCredit	Invoice Number: 11-2010	-10,788.00
Bill Pmt -Check	11/4/2010	5770	By The Numbers Actuarial Consulting, Inc.	Invoice Number: 2010-141	-1,250.00
Total ML Expense					-57,196.67
TOTAL					-57,196.67



Utah Counties Insurance Pool
Supporting Your Goals Since 1992

MEMORANDUM

To: UCIP BOARD OF TRUSTEES

From: Johnnie Miller

Date: November 2, 2010

Re: Revisions to Coverage Addendum, Property Section

After receiving and reviewing the property policy from CRL I not the following revisions which can be made to our addendum with reinsurance support.

1. Several sublimits can be increased.
2. Changes to Flood coverage in recognition of the NFIP's new terminology referring to flood zones.
3. Application of Multiple Deductibles clause added to confirm only one deductible will be charged per occurrence.
4. Territory clause added to confirm the coverage territory is the United States.
5. Real Property definition expanded to include remodeling and installations.
6. Exclusion to Land improvement revised and now includes coverage for trees & shrubs, tunnels, bridges, dams (including earthen dams), piers, docks, pilings, bulkheads, wharves and retaining walls.
7. Exclusion to watercraft greater than 27 feet added.
8. Exclusion to dams, dikes, bulkheads wharves, docks, pilings, piers, tunnels and bridges removed.
9. Deferred Payments clause added to provide coverage for loss of payments from a third party on property sold by the county on a deferred payment plan that is subsequently damaged.
10. Earthquake clause revised to allow the Member to determine when the 72 hour period begins.
11. Evacuation expense was deleted (this coverage is limited to \$10,000, so no reinsurance is required to provide this).

12. Fire Brigade clause added to provide coverage for cost of fire brigade and extinguishing expenses, including disposal of extinguishing materials.
13. Property in Course of Construction clause revised to confirm projects must be scheduled with the Pool, and all projects over the sublimit amount must have prior approval of the Pool for coverage to apply.
14. Tax Treatment of Profits clause added to cover increased tax liability arising out of a covered loss.
15. Property in Transit exclusion expanded to include samples in the custody of a salesperson or selling agent., and to allow the Member to enter into several types of Bills of Lading without prejudicing coverage.
16. Exclusion to mysterious disappearance revised to allow coverage for loss disclosed on inventory, but can be proven on a basis other than inventory.
17. Contingent Tax Interruption clause added to provide coverage under Time Element coverage for loss of tax revenue arising out of loss to property not owned by the Member of a type that would be covered if owned by the Member.
18. Gross Earnings and Rental Coverage clause added to provide coverage for lost earnings and rental income from buildings damaged by a covered loss.
19. Loss Adjustment clause revised to allow the Member to direct payment for loss to another party.
20. Loss Adjustment clause revised to include valuation for stock in process, raw materials and finished goods of the Member.
21. Historic Property clause added to allow for valuation based on Reproduction Cost for historic buildings. Building must be appraised for Reproduction Cost, and premium must be based on Reproduction Cost.
22. Loss Adjustment clause revised to allow Member to receive replacement cost valuation on a building that is not rebuilt, if the Member uses the proceeds to repair or add on to another covered location.
23. Loss Conditions revised to require Member to provide written notice of loss as soon as practicable, protect the property from further loss, and provide a sworn proof of loss statement to the Pool.
24. Subrogation clause added to confirm subrogation rights transfer to the Pool unless the Member has waived them in writing prior to the loss.
25. Appraisal Process clause updated to provide for a thorough appraisal process. Confirms appraisal is used to determine value of loss, not coverage disputes.
26. Suit against the Pool clause added to require Member to exhaust all remedies under the Addendum prior to filing suit. Also creates a one year limitation from the date of the Pool's final determination regarding coverage. (We may want to consider revising this section to mesh with the Governmental Immunity Act requirements for filing a claim.
27. Additional Covered Parties Interests/Certificates of Coverage clause added to recognize any Additional Covered Party, Loss Payee or Mortgagee named on a Certificate of Coverage are considered endorsed as such on the Addendum. Clarifies Certificate is for information purposes only.
28. Cancellation clause added. I replaced the Cancellation clause used by the reinsurer with a reference to the termination procedures in the Interlocal Agreement and Bylaws.

29. Misrepresentation and Fraud clause added which will negate coverage if the member willfully concealed or misrepresenting a material fact, files a false claim, attempts to defraud the Pool or makes a false swearing.
30. Other Insurance clause added to confirm how coverage will apply if the Member has other insurance in place at the time of loss.
31. Addendum Modification clause added to confirm written endorsement issued by the Pool is the only way the Addendum can be modified.
32. Reduction in Loss clause added to clarify when losses reduce the Limit of Liability.
33. Suspension clause added to allow the Pool to immediately suspend coverage for Equipment Breakdown on discovery of a dangerous condition.
34. Terrorism Exclusion Endorsement was deleted in its entirety.
35. Equipment Breakdown Endorsement revised to confirm the Limit of Liability is that shown in the Limit of Liability section of the Addendum. Equipment Breakdown Coverage Extensions were also revised to provide \$25,000 sublimit for each extension unless a higher limit is scheduled. Consequential Loss coverage added to extensions for stock parts that become unmarketable after a loss to equipment. Clause also now defines "One Breakdown".
36. Occurrence Limit of Liability Endorsement revised to include Named Storm as a type of "occurrence".
37. Electronic Data Exclusion Endorsement revised to include aircraft impact, vehicle impact, smoke and boiler and machinery accident as covered perils.

Additional typographic changes and substitution of "coverage" and "covered" for "insurance" and "insured" were made.

The red line draft of these changes will be made available separately. I am recommending the changes as outlined, as they provide the members with significant increased coverage in many areas. Sublimits of coverage should be discussed to assure we are comfortable with the risk we assume within our self insured layer.

JRM/jrm

UTAH COUNTIES INSURANCE POOL

2011 Property Coverage Limits Revisions

COVERAGE	2010 LIMIT	2011 LIMIT
ACCOUNTS RECEIVABLE	\$1,000,000	\$2,500,000
BUILDING ORDINANCE*	\$1,000,000	INCLUDED
DEMOLITION/INCREASED CONST.*	\$1,000,000*	\$100,000
COMMISSIONS, PROFITS & ROLATIES	\$100,000	\$0
CONTINGENT TAX REVENUE	\$0	\$100,000
DEBRIS REMOVAL	\$250,000	\$2,500,000
DECONTAMINATION COSTS	\$250,000	\$500,000
DEFERRED PAYMENTS	\$10,000	\$100,000
EARTHQUAKE NON-CRITICAL	\$1,000,000	SCHEDULED
EQUIPMENT BREAKDOWN, INCLUDING	\$1,000,000	\$25,000,000
SPOILAGE	\$50,000	\$500,000
SERVICE INTERRUPTION	\$250,000	\$2,500,000
BUSINESS INCOME	INCLUDED	INCLUDED
EXTRA EXPENSE	\$100,000	\$1,000,000
EXPEDITING EXPENSE	\$50,000	\$500,000
HAZARDOUS SUBSTANCE	\$10,000	\$100,000
AMMONIA CONTAMINATION	\$10,000	\$500,000
DATA & MEDIA	\$100,000	\$1,000,000
CFC REFRIGERANTS	\$10,000	\$100,000
COMPUTER EQUIPMENT	INCLUDED	INCLUDED
ERRORS AND OMISSIONS	\$250,000	\$500,000
EVACUATION EXPENSE	\$10,000	\$0
EXPEDITING EXPENSE	\$50,000	\$500,000
EXTRA EXPENSE	\$100,000	\$500,000
EXENDED PERIOD OF INDEMNITY	\$100,000	\$1,000,000
FINE ARTS	\$50,000	\$500,000
FLOOD – NON CRITICAL	\$1,000,000	SCHEDULED
FLOOD – SPECIAL HAZARD AREA	\$10,000	\$100,000
CIVIL AUTHORITY	\$250,000	\$2,500,000
LEASEHOLD INTEREST	\$250,000	\$2,500,000
MISCELLANEOUS UNNAMED LOCATION	\$100,000	\$2,500,000
MOBILE MEDICAL EQUIPMENT	\$10,000	\$250,000
COURSE OF CONSTRUCTION	\$250,000	\$2,500,000
TAX TREATMENT OF PROFITS	\$10,000	\$100,000
VALUABLE PAPERS, RECORD & MEDIA	\$250,000	\$2,500,000
INGRESS/EGRESS	\$250,000	\$2,500,000
WATERCRAFT UNDER 27 FEET	\$0	\$150,000
DOCKS, PIERS, PILINGS, WHARVES	\$0	\$500,000
TUNNELS, BRIDGES, DAMS	\$0	\$250,000

*Building Ordinance, Demolition and Increased Cost of Construction were all included in the \$1,000,000 sublimit in 2010. In 2011, Building Ordinance has been split out and provided full replacement coverage, with the remaining Demolition and Increased Cost of Construction sub-limited to \$100,000.



Utah Counties Insurance Pool
Supporting Your Goals Since 1992

FINANCIAL STATEMENTS

Quarter Ending September 30, 2010

To the Board of Trustees:

I have compiled the accompanying, in-house prepared, unaudited account balances arising from cash transactions and from accrual transaction of the Utah Counties Insurance Pool as of 9/30/2010 and accompanying notes to basic financial statements.

Sonya White
Manager of Administration
801-307-2113
sonya@ucip.utah.gov

Reviewed this _____ day of _____, 2010

By: _____

Utah Counties Insurance Pool

Statement of Net Assets

As of September 30, 2010

	<u>Sep 30, 2010</u>
ASSETS	
Current Assets	
Total Checking/Savings	10,482,772.25
Accounts Receivable	44,882.52
Excess Recoverable	172,444.43
Prepaid Reinsurance	547,842.25
Total Current Assets	11,247,941.45
Fixed Assets	
Capital Assets	272,827.74
Accumulated Depreciation	(194,825.13)
Land	494,445.53
Capital (CRL)	362,335.00
Security Deposit	11,336.22
Total Fixed Assets	946,119.36
TOTAL ASSETS	12,194,060.81
LIABILITIES & EQUITY	
Liabilities	
Reserves	6,622,414.05
Unearned Premiums	1,422,573.25
Accounts Payable	17,502.59
Payroll Liabilities	999.61
Sick Payable	14,725.66
Vacation Payable	10,681.52
Total Liabilities	8,088,896.68
Equity	
Capital Assets	596,840.00
Unrestricted	3,652,958.67
Net Income	(144,634.54)
Total Equity	4,105,164.13
TOTAL LIABILITIES & EQUITY	12,194,060.81

Utah Counties Insurance PoolStatements of Revenues, Expenses and Changes in Net Assets
As of September 30, 2010

	<u>Jan - Sep 10</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
Conferences	11,915.00	6,500.00	5,415.00	183.31%
Investment Income	43,593.35	55,000.00	-11,406.65	79.26%
Management Fees	2,582.35	3,000.00	-417.65	86.08%
Premiums	4,267,719.75	5,690,296.00	-1,422,576.25	75.0%
Premiums Audit	20,847.07	0.00	20,847.07	100.0%
Total Income	<u>4,346,657.52</u>	<u>5,754,796.00</u>	<u>-1,408,138.48</u>	<u>75.53%</u>
Expense				
Board of Trustees	26,918.20	40,000.00	-13,081.80	67.3%
Depreciation	21,533.49	35,000.00	-13,466.51	61.52%
Loss Control	37,886.29	42,650.00	-4,763.71	88.83%
Losses Incurred	389,455.36	300,000.00	89,455.36	129.82%
Losses Paid	2,254,646.91	2,960,000.00	-705,353.09	76.17%
Marketing	11,884.99	16,000.00	-4,115.01	74.28%
Office Operations	149,645.35	220,000.00	-70,354.65	68.02%
Professional Services	80,091.05	77,300.00	2,791.05	103.61%
Reinsurance Coverage	992,345.25	1,299,000.00	-306,654.75	76.39%
Self Insurer's Tax	0.00	0.00	0.00	0.0%
Staff	526,885.17	745,000.00	-218,114.83	70.72%
Total Expense	<u>4,491,292.06</u>	<u>5,734,950.00</u>	<u>-1,243,657.94</u>	<u>78.31%</u>
Net Ordinary Income	<u>-144,634.54</u>	<u>19,846.00</u>	<u>-164,480.54</u>	<u>-728.78%</u>
Net Income	<u><u>-144,634.54</u></u>	<u><u>19,846.00</u></u>	<u><u>-164,480.54</u></u>	<u><u>-728.78%</u></u>

Utah Counties Insurance Pool

Statement of Cash Flows
As of September 30, 2010

	<u>Jan - Sep 10</u>
OPERATING ACTIVITIES	
Net Income	-144,634.54
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	98,377.17
Excess Recoverable	528,426.88
Prepaid Reinsurance	-330,838.75
Accounts Payable	10,260.59
Payroll Liabilities	-551.23
Sick Payable	-2,888.05
Unearned Premiums	1,422,573.25
Vacation Payable	-2,191.07
Net cash provided by Operating Activities	<u>1,578,534.25</u>
INVESTING ACTIVITIES	
Accumulated Depreciation	21,533.49
Capital Assets	2,858.37
Capital (CRL)	3,947.00
Capital (CRL) WC	1,562.00
Net cash provided by Investing Activities	<u>29,900.86</u>
FINANCING ACTIVITIES	
IBNR Reserves	732,171.69
Loss Reserves	-520,669.38
Loss Reserves WC	-4,229,516.00
ULAE Reserves	177,953.05
Net cash provided by Financing Activities	<u>-3,840,060.64</u>
Net cash increase for period	-2,231,625.53
Cash at beginning of period	<u>12,714,397.78</u>
Cash at end of period	<u><u>10,482,772.25</u></u>

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Utah Counties Insurance Pool (the Pool or UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual (the Mutual). In July 2003, the Mutual was renamed the Utah Counties Insurance Pool. The Pool is a non-profit public agency insurance mutual under the insurance statutes of the State of Utah and is an Interlocal entity formed under section 11-13-101 et. seq. *Utah Code Annotated, 1953* as amended, as a joint program to insure risks for counties who enter into the Interlocal agreement that creates UCIP. The Pool started providing workers' compensation coverage effective January 1, 2004. As of January 1, 2010, the Pool has a Joint Purchase Agreement with the Workers Compensation Fund to provide workers' compensation coverage to UCIP members. All of the Pool's business activities are conducted in the State of Utah.

Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Pool adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB Statement 34), GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Disclosures*, in fiscal year 2002, effective January 1, 2001. Effective January 1, 2004, the Pool adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. With the implementation of these statements, the Pool has prepared a balance sheet classified between current and noncurrent assets and liabilities, has categorized net assets as invested in capital assets and unrestricted, and has prepared the statements of cash flows on the direct method to better communicate the financial status of the governmental entity.

The accounting policies of the Pool conform to accounting principles generally accepted in the United States of America in all material respects. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting*, the Pool has opted to apply all pronouncements issued by the Financial Accounting Standards Board ("FASB") after November 1989, unless the FASB pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant of such policies.

Basis of Accounting

The Pool reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. The estimates which are particularly susceptible to change are related to the actuarial valuation of the claims incurred but not reported and loss reserves. Actual results could differ from those estimates.

Income Taxes

The Pool is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

Premiums

Substantially all policies have a common annual renewal date of January 1. Premiums written are earned on a daily pro rata basis over the policy term.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Pool considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. Therefore, the investments in the Utah Public Treasurers' Fund, business market funds and cash on deposit are considered to be cash equivalents.

Investments

Investments are comprised of various U.S. Government securities, certificates of deposit and investments in County Reinsurance Limited (CRL).

The investments in CRL are valued using the equity method of accounting. Under the equity method, the Pool recognizes its proportionate share of the net earnings or losses of CRL which represents its share of the undistributed earnings or losses of CRL.

Capital Assets

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$500. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from three to five years. Depreciation expense for the current year, as of the quarter ending September 30, 2010, amounted to **\$21,533**.

Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as compensated absences payable.

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are reviewed quarterly and any adjustments are reflected in the period determined.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Listed below is a summary of the cash and investment portfolios as of September 30, 2010. Investing is governed by the prudent man rule in accordance with statutes of the State of Utah. All investments of the Pool are considered to have been made in accordance with these governing statutes.

Cash and cash equivalents

Cash and cash equivalents of the Pool are carried at cost. The carrying amount of the cash on deposit, net of outstanding checks, is **\$124,139** as of September 30, 2010. As of September 30, 2010, **\$250,000** of the Pool's cash on deposit was insured by the FDIC.

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but the PTIF is subject to the Money Management Act and Rules of the Money Management Council. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an entity's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF pay an administrative charge on an annual basis based on the average account balance. The PTIF is operated as a service to local governments and does not generate a profit to the Utah State Treasurer.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2010, the Pool had amounts over FDIC insurance of \$0. As of September 30, 2010, the Pool had amounts over SIPC insurance of \$0.

Investments

All investments are through the Public Treasurer's Investment Fund and County Reinsurance Limited. The Pool records investments in CRL using the equity method of accounting. Investments in CRL are provided annually. The recorded value in CRL as of September 30, 2010 is as follows:

	2010				
	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Statement Value
Equity Investment in CRL	\$ 367,931	\$ -	\$ 5,596	\$ 362,335	\$ 362,335
Total Investments	\$ 367,931	\$ -	\$ 5,596	\$ 362,335	\$ 362,335

Interest Rate Risk

The Pool's investment policy states that the Pool manages its exposure to declines in fair value by laddering the maturities of its securities. Currently the Pool utilizes the Public Treasurer's Investment Fund (PTIF) to manage interest rate risk.

Credit Rate Risk

The Pool's investment policy states that investments will be limited to the top ratings issued by nationally recognized statistical rating organizations (NRSROs) so the total investment portfolio maintains an "A" (S&P) or equivalent minimum rating. All investments made during the period complied with this policy.

Concentration of Credit Risk

The Pool's investment policy states that investment in commercial paper, corporate bonds and asset-backed obligations shall not exceed 20% of the total assets of UCIP's investments. All investments made during the period were in compliance with this policy.

3. INTEREST RATES

The interest rates for assets held with the Utah Public Treasurers' Investment Fund was .56% as of September 30, 2010.

4. INVESTMENT INCOME

Investment income is comprised of interest on securities and cash and equity in CRL.

5. CAPITAL ASSETS

The capital assets and related accumulated depreciation of the Pool are:

2010				
	Beginning Balance	Capital Acquisitions	Dispositions	Ending Balance
Land	\$ 494,446	\$ -	\$ -	\$ 494,446
Capital Assets	\$ 267,890	\$ -	\$ -	\$ 267,890
	\$ 762,336	\$ -	\$ -	\$ 762,336
	Beginning Balance	Depreciation Expense	Dispositions	Ending Balance
Accumulated Depreciation	\$ 187,811	\$ 21,553	\$ -	\$ 209,364

6. CONTINGENCIES

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

7. REINSURANCE

Effective 2003, the Pool has purchased only specific excess coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$250,000 self-insured retention.

Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance coverage ceded to other insurance companies of **\$2,440,837** for the multiline pool, as of September 30, 2010. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

Unsecured Reinsurance Recoverables

The Pool has reinsurance recoverables in the amount of **\$54,725** from its reinsurers for paid losses as of September 30, 2010.

Reinsurance Recoverable in Dispute

The Pool does not have any disputed balances or uncollectible funds.

8. RETIREMENT PLAN

The employees are covered under multiple-employer, public employee retirement systems administered by the Utah Retirement Systems. This plan is noncontributory and includes a 401(k) plan. The Pool contributes 11.62% of employee's salaries under the plan. The Pool contributes an amount equal to the amount contributed by the employee into a 401(k) plan and/or a 457 (administered by Nationwide Retirement Solutions) plan, not to exceed 5% of the employees eligible payroll. The total retirement expense for the Pool, for the current year, as of the quarter ending September 30, 2010, was **\$53,022**.

9. UNPAID CLAIMS, LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to insured events, as of September 30, 2010 has decreased from the December 31, 2009 estimates by approximately **\$346,256**, as a result of reestimation of unpaid losses and loss adjustment expenses coupled with claims paid for the six month period. This change is the result of ongoing analysis of recent loss development trends. Original estimates change as additional information becomes known regarding individual claims.

Unpaid claims, losses and loss adjustment expenses as of September 30, 2010 are:

	<u>2010</u>	<u>2009</u>
Beginning Balance	10,462,475	9,860,210
Incurred Loss:		
Current Year	2,523,217	4,227,000
Prior Year	<u>(346,256)</u>	<u>157,695</u>
Change in Total Incurred	<u>2,176,961</u>	<u>4,384,695</u>
Paid:		
Current Year	548,534	1,125,873
Prior Year	<u>5,219,021</u>	<u>2,656,557</u>
Total Paid	<u>5,767,555</u>	<u>3,782,430</u>
Balance at September 30	<u>6,871,881</u>	<u>10,462,475</u>

10. OPERATING LEASE COMMITMENT

On September 4, 2008, the Pool entered into a seven year commitment to lease office space. The lease commenced in February 2009 at which time the Pool occupied the premises. The Pool paid **\$107,880** under the lease commitment, for the current year, as of the quarter ending September 30, 2010.

Future minimum rental commitments for the building operating lease are as follows:

2010	\$ 129,456
2011	\$ 129,456
2012	\$ 132,696
2013	\$ 136,674
2014	\$ 140,774
Thereafter	<u>\$ 144,997</u>
Total minimum lease payments	<u>\$ 814,054</u>

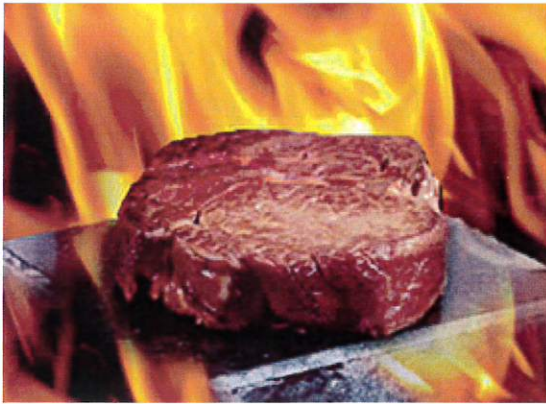
11. SUBSEQUENT EVENTS

On January 4, 2010, the Pool entered into a Loss Portfolio Transfer Agreement with Workers Compensation Fund (WCF). In January 2010 the Pool paid WCF \$4,229,516 for the transfer of all workers compensation liabilities associated with policy years 2004-2009.

Entity: Utah Counties Insurance Pool

Public Body: Board of Trustees

Subject:	Insurance
Notice Title:	Board of Trustees Meeting
Meeting Location:	1234 W. Sunset Blvd St. George 84770
Notice Date & Time:	November 11, 2010 6:30 PM - 9:30 PM
Description/Agenda:	Dinner Provided Call to Order ACTION Review/Excuse Board Members Absent Review/Approve October 15, 2010 Meeting Minutes Ratification and Approval of Payments and Credit Card Transactions Review/Approve Amended Property Section, Coverage Addendum Review/Approve Third Quarter Financial Statement Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual Action on Personnel Matters Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation Action on Litigation Matters

[about us](#)[hot stone?](#)[menu](#)[drinks](#)[reservations](#)[map](#)

About Anasazi Steakhouse & Gallery

We are a specialty dining experience in every sense of the word.

Fondue appetizers and desserts along with hot rock cooking can be enjoyed in an art gallery setting. You are surrounded by photographic art by William Carr, unique metal designs by Darrick Phallon of Elevado Metalworks and cut metal art by Reflections in Metal. Other works by skilled artisans are also showcased.

It will be our pleasure to wow you with the tastiest of cuisine, attentive service and with the ambience of a truly visual experience.

Besides we grill or hot rock the best steaks in the southwest. Come in and excite your senses.

Specials

Atlantic Salmon 19.95

Pacific Mahi Mahi 17.95

Inside the... Anasazi Steakhouse & Gallery ...take a look!



The Anasazi Steakhouse & Gallery presents artists -

William Carr, Charles Wood and Darrick Phallon.

William Carr is quickly becoming one of the most notable photographers of our time. His renowned travelogue images precede him. For more than a decade the distinguished William Carr Collection has been a mainstay of visual art photography in the American west. Over the years, the collection has evolved into a multi-faceted array of highly refined imagery as William's passion and talent have flourished. To date, the William Carr Collection is among the most sold art photography in the World. For years, William Carr's work has enhanced the covers of many prominent publications.

Link to see William Carr photographs at World Focus Photographic Art Gallery www.worldfocusgallery.com.

